



**Child,
Van Wagoner &
Bradshaw, PLLC**

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.**

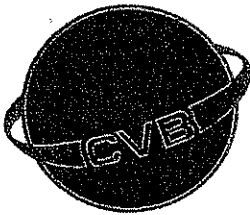
Park City, Utah

Financial Statements

Year Ended June 30, 2009

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Independent Auditors' Report

To the Board of Directors
Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Park City, Utah

We have audited the accompanying statement of financial position of Park City Area Chamber of Commerce - Convention and Visitors Bureau, Inc. (the Chamber) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Chamber's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of June 30, 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2009, on our consideration of the Chamber's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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Child, Van Wagoner & Bradshaw
Child, Van Wagoner & Bradshaw, PLLC
Kaysville, Utah
August 31, 2009

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Statement of Financial Position
As of June 30, 2009**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,261,704
Accounts receivable	70,370
Prepaid expenses	46,246
Total current assets	<u>2,378,320</u>

Property and equipment:

Furniture and equipment	115,580
Leasehold improvements	6,867
Total fixed assets	<u>122,447</u>
Less: Accumulated depreciation	<u>(82,543)</u>
Net fixed assets	39,904

Other Assets

Deposits	5,673
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Total assets	<u><u>\$ 2,423,897</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	66,900
Deferred revenue	529,545
Capital lease obligations-current portion (Note 7)	5,545
Total current liabilities	<u>601,990</u>

Long-term liabilities:

Capital lease obligations-less current portion (Note 7)	16,787
Total long-term liabilities	<u>16,787</u>

Total liabilities	618,777
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Net Assets:

Unrestricted net assets	
Undesignated	1,526,584
Board designated	278,536
Total net assets	<u>1,805,120</u>

Total liabilities and net assets	<u><u>\$ 2,423,897</u></u>
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See accompanying notes to financial statements.

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Statement of Activities
For the Year Ended June 30, 2009**

Support and Revenue:

Transient room tax	4,844,835
Co-operative promotion	662,428
Membership dues	351,585
Restaurant tax grants	295,484
Other government funding	80,000
Special funding	115,000
Interest income	48,655
International pass marketing	23,382
Other income	45,130
Total support and revenue	<u>6,466,499</u>

Operating Expenses:

Marketing programs and project expenses

Chamber member services	167,565
Annual marketing campaign	1,783,592
Co-operative promotions	835,044
Meetings and conventions	160,213
International marketing	229,287
Tour and travel promotion	51,967
Special events marketing	605,016
Interactive operations	78,455
Communications	246,311
Visitor information centers	157,899
Government relations and economic development	53,232
Film commission	3,837
Other general programs	15,704
Total marketing programs and project expenses	<u>4,388,122</u>

Change in operating net assets 2,078,377

Supporting services and other expenses

Administrative	1,058,629
Operating expenses	262,851
Depreciation	15,530
(Gain) on sale of assets	(37)
Total supporting services and other expenses	<u>1,336,973</u>

Change in net assets 741,404

Net assets at beginning of year 1,063,716

Net assets at end of year \$ 1,805,120

See accompanying notes to financial statements

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2009**

Cash flows from operating activities:

Change in operating net assets	\$ 741,404
Adjustments to reconcile change in operating net assets to net cash provided by operating activities:	
Depreciation	15,530
Gain on sale of assets	(37)
(Increase) decrease:	
Accounts receivable	(27,683)
Prepaid expenses	15,389
Increase (decrease):	
Accrued expenses	9,217
Deferred revenue	(499,584)
Net cash provided by operating activities	<u>254,236</u>

Cash flows from investing activities:

Proceeds from redemption of investments	751,000
Purchase of property and equipment	<u>(10,082)</u>
Net cash provided by investing activities	740,918

Cash flows from financing activities:

Principal payments on capital lease obligations	<u>(5,274)</u>
Net cash used in financing activities	(5,274)

Net decrease in cash and cash equivalents	989,880
Cash and cash equivalents at beginning of year	<u>1,271,824</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,261,704</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	\$ 1,298
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Non-cash investing and financing activities

Equipment purchased with capital leases	\$ 8,010
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See accompanying notes to financial statements.

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Notes to Financial Statements
Year Ended June 30, 2009**

1. Organization and summary of significant accounting policies

Organization

On December 1, 1981, the Park City Chamber of Commerce and the Park City Convention and Visitors Bureau combined to form one non-profit corporation (the Chamber) to serve the businesses of Park City and Summit County and to promote tourism and business therein. Descriptions of the Chamber's programs are as follows:

Annual Marketing Campaign – This program promotes Park City and/or Summit County within the United States as a tourist destination through direct mail, print and television advertising.

International Marketing – This program markets Park City and/or Summit County outside the United States as a tourist destination through consumer shows, travel agent and tour operator markets.

Tour and Travel Promotion – This program promotes Park City and/or Summit County to the consumer show and leisure group markets.

Interactive Operations – This program promotes Park City and/or Summit County through the Chamber's website and other IT operational costs.

Communications – This program provides a liaison with the media, promoting Park City and/or Summit County in print, electronic and other media.

Special Events Marketing – This program markets Park City and/or Summit County to cultural and sporting events to enhance the tourism product and support local events.

Member Services – This program supports and assists local business members of the Chamber.

Government Relations and Economic Development – This program tracks legislation and lobbies on issues of interest to local business and tourism, and provides economic data.

Meetings and Conventions – This program promotes Park City and/or Summit County as a destination for meetings and conventions through the use of print advertising, tradeshow, and internet marketing efforts.

Visitor Information Centers – This program provides visitors to Park City and/or Summit County with useful current information for their stay through the staffing of two locations (Main Street and Kimball Junction).

Film Commission – This program promotes Park City and/or Summit County as a filming location by assisting filmmakers and scouts with location and permitting issues.

Co-operative Promotion – This program administers additional joint marketing promotions with members for the benefit of various marketing promotions.

Other General Programs – These programs enhance the image of the Chamber through the use of displays, promotional bags and community relations.

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Notes to Financial Statements
Year Ended June 30, 2009**

1. Organization and summary of significant accounting policies (continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In addition, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board in Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*". None of the Chamber's assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets according to SFAS No. 117. The accrual basis of accounting recognizes revenues at the time they are earned. Expenditures are recorded when incurred.

Cash and Cash Equivalents

Cash in excess of daily requirements is invested in money market funds and short-term treasury bills. For purposes of the statement of cash flows, the Chamber considers unrestricted investment instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Bad Debts

Accounts receivable consist of member dues receivable. The Chamber's policy for charging off member receivables is to write-down, using the direct write-off method, receivables extending beyond 120 days after significant collection efforts have been made or when the financial condition of tenants warrant write-off. Since the Chamber follows a strict receivable policy and based on prior experience, an allowance for doubtful accounts has not been included in the financial statements.

Property and Equipment

Property and equipment consists of furniture, equipment, and leasehold improvements. Assets having a cost greater than \$500 and estimated useful lives greater than one year are capitalized and recorded at cost and depreciated using the straight-line method of depreciation over the estimated useful lives of the assets ranging from three (3) to seven (7) years. Amortization of leasehold improvements is computed using the straight-line method over the term of the lease. Depreciation and amortization expense for the year ended June 30, 2009, was \$15,530.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Transient room tax (TRT) derived from lodging rentals within Summit County is collected by the State of Utah, and in accordance with the authorizing legislation, is returned to the county government for use in promotion of tourism. Summit County remits approximately 90% of the TRT it receives from the State of Utah to the Chamber. The Chamber's programs fulfill the obligations of Summit County to promote tourism with the TRT monies. TRT is received quarterly and is recognized as revenue based on the quarter in which the lodging rental occurred, with a two quarter delay from lodging rental to receipt of funds and revenue recognition. TRT received in advance of the two quarter delay is considered unearned and recorded as deferred revenue.

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Notes to Financial Statements
Year Ended June 30, 2009**

1. Organization and summary of significant accounting policies (continued)

A portion of the restaurant tax levied by Summit County is designated for promotion and support of tourism. Summit County provides grants to various organizations to carry out the designated purpose. Grants received by the Chamber are for specific activities, and are considered earned when expenditures for those activities are made.

Co-operative promotion revenue is recognized as earned when the related expenses are incurred.

Membership dues collected for the next fiscal year are recorded as deferred revenue.

Non-Profit Status

The Chamber was organized as a non-profit organization in accordance with the laws of the State of Utah. The Chamber has received general exemption from income taxation under the provisions of Section 501(c)(6) of the Internal Revenue Code. However, income from certain activities not directly related to the Chamber's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2009, the Chamber did not have any unrelated business income.

Recently Issued Accounting Pronouncements

The Chamber has reviewed all recently issued accounting pronouncements for the year ended June 30, 2009, and has determined that none of the recently issued accounting pronouncements will have a material effect on the fair presentation of these financial statements.

2. Deferred Revenue

Deferred revenue at June 30, 2009 is as follows:

	<u>2009</u>
Transient room tax	\$ 507,060
Membership dues	22,475
Other	<u>10</u>
Total	<u>\$ 529,535</u>

4. Concentrations

A significant portion of the Chamber revenue is received from the transient room tax. The Utah State Legislature mandates the return of this money to the respective county from which it was derived, for use to promote tourism. The portion of the transient room tax allocated to the Chamber, or the method used by the County to fulfill its mandated obligation, could be changed by a decision of the Summit County Commission or Utah State Legislature.

3. Sponsorship Obligations

The Chamber has entered into certain multi-year sponsorship agreements for special events to be held in the Park City area. The remaining sponsorship obligations range from one to eight years with the terms of the agreements negotiable for each year.

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Notes to Financial Statements
Year Ended June 30, 2009**

4. Cash, Cash Equivalents and Investments

The following schedule reflects the June 30, 2009 balances of cash, cash equivalents and investments:

	<u>2009</u>	
	<u>Interest Rate</u>	<u>Carrying Value</u>
<u>Cash in Bank:</u>		
Petty Cash	-	\$ 200
Mountain America—Savings	-	25
Zions—Operating	-	(101,503)
Zions—Payroll	-	(2,463)
Zions—Sweep	3.6%	166,122
Zions—401k	0.85%	21,237
Zions—Co-op	-	65,570
Frontier Bank	-	3,760
Chase—Money Market	1.80%	21,902
Mountain West—Money Market	1.00%	221,678
Home Savings—Money Market	1.73%	217,854
Key Bank—Money Market	0.05%	125,151
Wells Fargo—Money Market	0.05%	125,395
Mountain America—Money Market	1.20%	225,935
U.S. Bank—Money Market	0.04%	25,108
Frontier Bank—Money Market	2.04%	235,399
Washington Mutual—Money Market	0.30%	110,135
Edward Jones—Money Market	0.38%	<u>300,442</u>
		1,761,947
 <u>U.S. Treasury Bills:</u>		
United States Treasury—Three month T-bills	0.19%	<u>499,757</u>
 Total Cash and Cash Equivalents		 <u>2,261,704</u>

At times during the fiscal year ended June 30, 2009, the Chamber maintained cash balances in excess of federally insured limits for deposits. The Chamber has not experienced any losses from such accounts and does not expect any in the future.

5. Employee Benefit Plans

The Chamber maintains a qualified 401(k) profit sharing plan under which eligible employees may defer a portion of their salary. At the discretion of the Board of Directors, the Chamber may make a contribution of a discretionary amount to be determined each year. To be eligible to participate, an employee must have completed one year of service and attained the age of 18 years. Contributions to the plan for the year ended June 30, 2009, was \$21,134.

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Notes to Financial Statements
Year Ended June 30, 2009**

6. Board Designated Net Assets

The Board of Directors has established a reserve fund for the purpose of providing enough liquidity to cover approximately two and a half months of administrative operating expenses in the event of possible future funding reductions. Accordingly, the funds are classified as board designated net assets in the statements of financial position.

7. Lease Commitments

The Chamber occupies its office facilities according to an operating lease agreement. The Chamber also leases Visitor Information Centers under the terms of an expired lease on a month-to-month basis. Such lease agreements provide for annual rent increases based on both inflation and landlord costs. Rent expense for the year ended June 30, 2009, was \$147,969.

During the year ended June 30, 2009, the Chamber entered into capital lease transactions for the acquisition of office equipment. The cost of such equipment, which is included in furniture and equipment, was \$29,502. Accumulated depreciation on this equipment totaled \$4,524 as of June 30, 2009. The imputed interest rates are 7% and interest paid for the year ended June 30, 2009, was \$1,150.

Following are future minimum lease payments under and capital lease arrangements:

	<u>Capital Leases</u>	<u>Operating Leases</u>
Year ending June 30,		
2010	\$ 6,932	\$ 108,864
2011	6,932	-
2012	6,932	-
2013	2,720	-
2014	1,878	-
Thereafter	<u>157</u>	<u>-</u>
		<u>\$ 108,864</u>
Less amount representing interest		
Under capital lease obligations	<u>(3,219)</u>	
Present value of net minimum lease payments	22,332	
Less current maturities	<u>(5,545)</u>	
Long-term obligations under capital leases	<u>\$ 16,787</u>	

8. Supplemental Disclosure of Cash Flow Information

During fiscal year ended June 30, 2009, the Chamber financed a postage machine with a value of \$8,231 with a long-term capital lease.

During fiscal year ended June 30, 2009, the Chamber donated property and equipment with a cost of \$2,898 and accumulated depreciation of \$2,898.

During fiscal year ended June 30, 2009, the Chamber disposed of equipment with a cost of \$6,081 and accumulated depreciation of \$5,878, resulting in a gain of \$37.

**Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Notes to Financial Statements
Year Ended June 30, 2009**

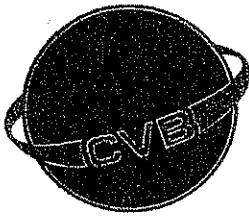
9. Co-operative Promotions

Co-operative promotions income and expense represents Co-operative marketing with member organizations in addition to other marketing campaigns performed by the Chamber. The following summary lists the various Co-operative marketing related income and expense:

	<u>2009</u>
Project Income:	
SLC/Paris/Delta Event	\$ 16,000
Echo Visitors Center	90,460
Triple Crown Field Assessment	8,025
Utah Business Advertising	12,342
MPI-WEC Event	15,000
Skiing Company Insert	156,478
Mexico Co-op with SLC Airport	8,488
International Lodging Brochure	36,340
Utah Office of Tourism TV Co-op	310,645
Other (under \$5,000)	8,650
Total Co-op Income	<u>\$ 662,428</u>
	<u>2009</u>
Project Expenses:	
SLC/Paris/Delta Event	\$ 10,982
Echo Visitors Center	65,000
Triple Crown Fields	11,694
Skiing Company Insert	246,645
International Lodging Brochure	36,218
Utah Office of Tourism TV Co-op	462,000
Other (under \$5,000)	2,505
Total Co-op Expenses	<u>\$ 835,044</u>

10. Subsequent Events

In preparing these financial statements, the Chamber has evaluated events and transactions for potential recognition or disclosure through August 31, 2009, the date the financial statements were issued.



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**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.
Park City, Utah

We have audited the financial statements of Park City Area Chamber of Commerce - Convention and Visitors Bureau, Inc. (the Chamber) as of and for the year ended June 30, 2009, and have issued our report thereon dated August 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Chamber's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Chamber's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Chamber's financial statements that is more than inconsequential will not be prevented or detected by the Chamber's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Chamber's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Park City Area Chamber of Commerce -
Convention and Visitors Bureau, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chamber's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, Board of Directors, management, others within the Chamber, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Child, Van Wagoner & Bradshaw

Child, Van Wagoner & Bradshaw, PLLC
Kaysville, Utah
August 31, 2009